

**MINUTES**

**MONTANA SENATE  
56th LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON FINANCE AND CLAIMS**

**Call to Order:** By **CHAIRMAN CHUCK SWYSGOOD**, on January 12, 1999  
at 1:50 P.M., in Room 108 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Chuck Swysgood, Chairman (R)  
Sen. Tom Keating, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. William Crismore (R)  
Sen. Eve Franklin (D)  
Sen. Greg Jergeson (D)  
Sen. Bob Keenan (R)  
Sen. J.D. Lynch (D)  
Sen. Dale Mahlum (R)  
Sen. Ken Mesaros (R)  
Sen. Ken Miller (R)  
Sen. Arnie Mohl (R)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Mike Taylor (R)  
Sen. Daryl Toews (R)  
Sen. Mignon Waterman (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Clayton Schenck, Legislative Analyst  
Shannon Gleason, Committee Secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Further discussion on SB 45,  
1/04/1999  
Executive Action: SB 34, SB 136, SB 55, SB 46

**EXECUTIVE ACTION ON SB 34**

**Motion/Vote:** SEN. JERGESON moved that SB 34 DO PASS. Motion carried unanimously.

**EXECUTIVE ACTION ON SB 136**

**Motion/Vote:** SEN. JERGESON moved SB 136 DO PASS. Motion carried 17-1 with Mohl voting no.

**EXECUTIVE ACTION ON SB 55**

**Motion:** SEN. TAYLOR moved that SB 55 DO PASS.

**Discussion:** SEN KEATING inquired if the Lottery had a problem with this bill, SEN. TAYLOR advised this bill affects the Lottery and Liquor division. SEN. KEATING wondered how the Lottery was affected, SEN. SWYSGOOD referred the question to Clayton Schenck, Legislative Fiscal Analyst, who advised there were two activities affected by this fiscal bill: Lottery and Liquor. Mr. Schenck explained these two divisions were affected because they reverted their surplus funding to the General Fund. Mr. Schenck advised the committee both divisions would need an appropriation for this year as and the effective date was in the middle of the current budget year. Mr. Schenck further stated that Curt Nichols from the budget office requested clarification on the effective date and on select verbiage. Mr. Schenck presented amendment SB005501.agp EXHIBIT(fcs08a01) and reviewed the changes with the committee, specifically noting the effective date in 7/1/1999.

**Motion/Vote:** SEN. TAYLOR moved that AMENDMENT SB005501.AGP BE ADOPTED. Motion carried unanimously.

**Motion:** SEN. TAYLOR moved that SB 55 DO PASS AS AMENDED.

**Discussion:** SEN. TAYLOR acknowledged he had studied this bill carefully and he felt agencies with Enterprise Funds should be more closely regulated, as it was possible for them to move monies around. SEN. TAYLOR advised he felt the Liquor and Lottery divisions' money should be under closer controls. SEN. TAYLOR asked for support on the motion.

**Motion/Vote:** SEN. TAYLOR moved that SB 55 DO PASS AS AMENDED.  
Motion carried unanimously.

**EXECUTIVE ACTION ON SB 46**

**Motion:** SEN. BECK moved that SB 46 DO PASS.

**Discussion:** SEN. SWYSGOOD reviewed the bill and emphasized this bill doesn't keep agencies from entering into settlement agreements, it simply stipulates the money received from the settlement must go into the General Fund if the monies were not already provided for by law.

SEN. FRANKLIN indicated she thought the agencies should have some autonomy and was leaning in favor of the agencies because they are elected offices.

SEN. WATERMAN wondered if this bill was in effect would it have precluded the Attorney General from entering into the agreement with the tobacco companies. SEN. SWYSGOOD advised he had spoken with Beth Baker, Department of Justice, and this bill would not have had an effect on that settlement or the ARCO settlement.

SEN. KEATING reiterated the bill dealt only with the monies not provided for by law. SEN. KEATING addressed the argument that although this had only happened once, he advised this was a bad precedent to have set and this bill needed to pass to preclude other agencies from doing this.

SEN. SWYSGOOD advised he didn't feel it was right for any agency to be able to start a program with monies from a settlement without legislative overview. SEN. SWYSGOOD advised once a program is started it then falls on the Legislature and the people to continue to fund it with monies from the General Fund.

SEN. BECK commented some of these settlements can favor the people who made the settlement. SEN. BECK explained if the monies go into a program the companies can profit from, i.e. CHIPS it is to their benefit to settle and the legislative body should be reviewing these. SEN. BECK noted his support.

**Motion/Vote:** Motion to DO PASS SB 46 passed: 15-3 with SENATORS WATERMAN, JERGESON, AND FRANKLIN VOTING NO  
{Tape : 1; Side : A; Approx. Time Counter : 14}

**FURTHER DISCUSSION ON SB 45**

**SEN. SWYSGOOD** reviewed the bill, and offered two amendments: SB004501.agp **EXHIBIT**(fcs08a02) and SB004502.agp **EXHIBIT**(fcs08a03)

**Motion:**     **SEN LYNCH** moved to accept amendment SB004501.agp.

**Discussion:**     **SEN. SWYSGOOD** stated the amendment exempted highway funds from the proposed budget cap.

**Vote:**     Amendment SB004501.agp passed 18-0

**Motion:**             **SEN. TAYLOR** moved to accept amendment SB004502.agp

**Discussion:**     **SEN. SWYSGOOD** pointed out this amendment changed the wording from Inflation adjustment to Consumer Price Index and further defined the term Inflation adjustment. **SEN SWYSGOOD** noted it also changed the effective date to 2001.

**SEN. CRISMORE** wondered if this bill would apply to rents for agencies renting from the private sector and gave an example of the PCS rent increase. **SEN. SWYSGOOD** advised the felt it would include increases, and that the increase in rent would have to be absorbed somewhere else in the budget to stay under the cap. **SEN. SWYSGOOD** referred the question to **Terry Johnson**, Legislative Fiscal Division, who agreed with **SEN. SWYSGOOD**'s opinion. **SEN. CRISMORE** noted the very high increases in the rent for the Highway Patrol in Missoula, **SEN. SWYSGOOD** acknowledged but believed they would be under the cap.

**SEN. KEATING** noted that this bill didn't apply to individual line items of the budget but rather the total budget. **SEN. KEATING** further explained the total budget is what could not increase over the cap.

**Terry Johnson** commented the bill specifically excluded federal funds and the federal funds used for rent would not be covered.

**Vote:**             Amendment SB004502.agp passed 18-0

**Discussion on SB 45:**

**SEN. LYNCH** questioned who exactly was being limited, and wondered if it were possible to limit the next Legislature. **SEN. LYNCH** thought there was no way to encumber the next Legislature and

added he didn't feel this bill was doing much. **SEN. SWYSGOOD** commented he was trying to change the ambiguousness of the existing statute and set up a limit that can be controlled. **SEN. SWYSGOOD** assumed it was limiting the executives as much as anybody, since their budget would have to fall under this bill.

**SEN. JERGESON** wondered if this bill affected statutory appropriation accounts and what the impact was. **SEN. JERGESON** pointed out as revenue increases for departments with statutory appropriations that department is allowed to spend the revenue, however the increasing costs that department might have is taken out of the General Fund. **SEN. JERGESON** commented he didn't feel that was fair and questioned the funds the Legislature didn't have control over. **SEN. JERGESON** thought the cap was a good idea but felt this was an unfair way of administering it. *{Tape : 1; Side : A; Approx. Time Counter : 20}*

**SEN. WATERMAN** asked how supplementals were dealt with. **SEN. WATERMAN** used an example of a bad fire year and increased costs as an example. **SEN. WATERMAN** wondered if the increase would go against next years budget. **SEN. SWYSGOOD** advised the bill allowed for the Legislature to exceed this a couple of ways, the Governor declaring an emergency and a 2/3 vote of the Legislature. **SEN. WATERMAN** commented there are a lot of supplementals the Governor doesn't declare as emergencies. **SEN. SWYSGOOD** commented he wasn't sure how that would work and referred the question to **Terry Johnson**, Legislative Fiscal Division, who thought the increase would apply to the current biennium and thus increase the base budget and allow for future increases. **SEN. WATERMAN** commented she understood that and wondered how the monies get into the base to begin with. **MR. JOHNSON** further noted this bill really doesn't address increased supplementals except for emergencies and thought the increase would have to come from a declared emergency or 2/3 vote of the Legislature.

**SEN. MILLER** wondered if the supplemental came out of the revenues of the next biennium, the response from **SEN. SWYSGOOD** was no, it comes out of the ending fund balance. **Mr. Johnson** commented that if there were no monies left for the supplemental it couldn't be funded.

**SEN. KEATING** commented he concurred with that thinking and added that what this bill really does is put an emphasis on an adequate ending fund balance. **SEN. KEATING** advised a person would have to plan for this balance going into the session.

**SEN. WATERMAN** wanted clarification on the matching Federal Fund programs, **SEN. SWYSGOOD** commented this bill doesn't affect the

Federal Funds, however it would affect the funds available for matching. **SEN. WATERMAN** noted the amendment for highways but questioned welfare. **SEN. WATERMAN** pointed out that the need for government services is sometimes highest when inflation is low. **SEN. SWYSGOOD** commented that is why the bill is here for discussion.

**SEN. TAYLOR** referred to the message the people were sending with CI-75, and noted he didn't know if this was the best vehicle, but commented something has to be done to limit the spending of government. **SEN. TAYLOR** advised there are two ways to control the spending: a measure like this, or cut taxes.

**SEN. SWYSGOOD** noted he wanted this bill to be in the best shape possible when it left, and it was in front of the committee to review and help address concerns. **SEN. SWYSGOOD** noted this was a dramatic step as it pertains to controlling spending. **SEN. SWYSGOOD** noted the growth of the economy can't keep up with the spending. **SEN. SWYSGOOD** noted the programs are all worth while but people can't keep paying for them. **SEN. SWYSGOOD** advised he wanted the committee to think about this bill and indicated he was open for ideas on how to improve on it, keeping in line with it's intent.

**SEN. BECK** wondered why the exclusion for highway funds.

**SEN. SWYSGOOD** commented he felt the infrastructure for the state was very important and this was a judgement call on his part.

**SEN. BECK** further commented he felt the budget was increasing because of matching Federal dollars, and that he was uncomfortable with cutting the matching money because the Federal money would be lost. **SEN. BECK** felt if they were going to limit the cap it should be limited to everyone, not excluding the highway money.

**SEN. SWYSGOOD** pointed out this bill didn't limit social programs from growing, it caused you to prioritize where you wanted your money to go.

**SEN. CHRISTIAENS** noted he was concerned for Juvenile Detention Centers. **SEN. CHRISTIAENS** pointed out there are three detention centers currently on line and a new center is scheduled in Missoula. **SEN. CHRISTIAENS** stressed concern there would not be money for them to operate. **SEN. CHRISTIAENS** noted he thought there were serious problems with this bill.

**SEN. MOHL** wanted clarification on matching funds, he pointed out Federal Funds were not effected. **SEN. SWYSGOOD** concurred and noted the matching funds are what would be affected. **SEN. MOHL**

noted more General Funds were not needed for the Highway amendments. **SEN. SWYSGOOD** agreed and commented the monies were coming from the Highway Department's State Special Revenue Account. **SEN. SWYSGOOD** explained the money was accounted for in the base budget for that department, and moving funds around in the departments' budget mitigated any effect.

**SEN. JERGESON** noted if you were able to increase the budget by 4% and an increase of 35% was for earmarked statutory funds the General Fund could be at 0. **SEN. SWYSGOOD** noted that was a valid point and needed more clarification.

**SEN. BECK** wanted to know if this bill had been in effect for the current Legislature, what affect it would have had on the increase of the overall budget. **Mr. Johnson** noted the current increase in overall budget, 14% to 15%, was primarily focused on Federal Funds. **Mr. Johnson** noted the state special revenue fund hardly increased at all. **SEN. SWYSGOOD** and **SEN. BECK** asked **Mr. Johnson** to provide those figures.

**ADJOURNMENT**

Adjournment: 2:40 P.M.

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SEN. CHUCK SWYSGOOD, Chairman

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SHANNON GLEASON, Secretary

CS/SG

**EXHIBIT** (fcs08aad)